

AS

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 97-237-C - ORDER NO. 97-500 ✓  
JUNE 9, 1997

IN RE: Request of BellSouth Telecommunications, ) ORDER  
Inc. for Revisions to its General ) DENYING  
Subscriber Service Tariff (TN 97-117). ) PETITION FOR  
 ) RECONSIDERATION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Reconsideration filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate). The letter of May 2, 1997 denied an investigation into BellSouth Telecommunications, Inc. (BellSouth or the Company) Tariff No. 97-117. BellSouth filed a response to the Petition for Reconsideration.

On March 12, 1997, BellSouth filed a tariff pursuant to its Alternative Regulation Plan in which it notified the Commission of price increases on existing residence services, residential and business vertical service and operator services. By bill insert, the Company notified customers that these increases would be effective April 7, 1997. The services were non-basic services under the provisions of Commission Order No. 96-19, dated January 30, 1996. The Consumer Advocate, on March 27, 1997, filed a Petition for Investigation of the rate increases to BellSouth customers.

By letter dated May 2, 1997, the Commission's Deputy Executive Director documented the Commission's denial of the Consumer Advocate's request for investigation. The reasoning was that the tariff concerned rate changes for vertical services which are classified in the non-basic category per the Commission's Order approving BellSouth's Alternative Regulation Plan. Consistent with this Order, as the letter noted, Staff has investigated the tariff's compliance with the Commission-approved plan, and was of the opinion that Tariff No. 97-117 met the criteria as approved by the Commission. Subsequently, the Consumer Advocate filed its Petition for Reconsideration, which we must now deny for the following reasons.

The Consumer Advocate states that under the terms of Order No. 96-19, the Commission may, on its own Motion, or in response to a Petition from any interested party, investigate whether a proposed tariff is in the public interest. The Consumer Advocate stated that somehow the Commission failed to abide by the criteria for evaluating tariff filings.

We have examined this matter, and we disagree with the Consumer Advocate's points. The terms of the Commission's Order state that the Commission may... in response to a petition from any interested party, investigate whether a proposed tariff is in the public interest. Therefore, there is no duty of the Commission to investigate the tariff, even upon petition of an interested party. The investigation is strictly permissive with the Commission. Further, the Commission Order contained criteria

for the examination of non-basic services category pricing. See Order No. 96-19, Exhibit A, page 4 of 7, subsection (C).

Basically, the Commission must examine only two criteria; first, that the prices for each non-basic service shall equal or exceed the Company's LRIC of providing such service, and second, that the Company may establish prices, terms, and conditions for all services within the non-basic services category, limited only by the restriction that the price on individual service shall not increase more than 20% in a twelve (12) month period.

The Deputy Executive Director's May 2, 1997 letter noted that Staff had examined the services involved and the proposed price increases and found that the increases fit within the categories and criteria described by the Commission Order.

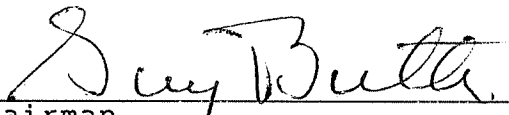
As BellSouth notes in its response to the Petition, all of the price changes affect optional services in the non-basic services category of the Consumer Price Protection Plan. These services had traditionally been priced on a market basis. The contribution derived from these services has supported the Commission's long standing policy of maintaining affordable basic local telephone service. Under the terms of the Consumer Price Protection Plan as approved by the Commission, if BellSouth's pricing policies with regard to these optional services are outside the market value (and therefore cease to be marketable), BellSouth customers are still protected from any increase in the price of basic local exchange services. Further, since the services are considered competitive, if the prices make the

services unmarketable, the public may simply not buy the services.  
The services at issue are strictly optional in nature.

Because of the above-stated reasoning, we hereby deny the  
Petition for Reconsideration.

This Order shall remain in full force and effect until  
further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)